

MEDIUM TERM SERVICE & RESOURCE PLAN Development & Major Project

Development & Regeneration and Project Management
2010-11 until 2012-13

Introduction

This plan sets out the key influences on Development & Major Projects together with the intended responses. Plans are produced for each of the Council's directorates:

- Development & Major Projects
- Resources & Support Services
- Children's Services (this is jointly produced with the PCT and includes Schools)
- Housing, Health & Social Care (this is jointly produced with the PCT)
- Customer Services (Planning, Transport, Waste, Highways, Libraries, Tourism Leisure & Culture)

A separate plan sets out the main financial assumptions and parameters.

All these plans take into account:

- The new Sustainable Community Strategy
 - the strategy and targets for the local partners on the local strategic partnership - public sector, business, voluntary and community - and covers the period up to the year 2026, of which the Development & Major Projects Director is responsible for the Enterprise & Economic Development Theme.
- The Council's change programme
 - The plan to transform the Council so that it can meet the challenges arising from:
 - joining up public services - so that strategic planning, community engagement and customer interaction is simpler and even more effective
 - designing services around the needs of individual customers - to remove waste, provide choice and improve customer satisfaction
 - meeting the stringent financial challenges - that are facing local government as the squeeze on public expenditure starts to bite.
- The Corporate Plan
 - This interprets the Sustainable Community Strategy from a council perspective and articulates the Council's priorities
- The Local Area Agreement 2008 and the specific targets relating to support services
 - This is the delivery plan for the Sustainable community Strategy but will need to be updated to reflect the new strategy – a refresh takes place in and has to be negotiated with the Government Office for the South West
- The West of England Partnership

Central government is increasingly treating the West of England as a regional area within which co-operative working is required for success. Officers will therefore work with the West of England Partnership to ensure the profile of B&NES is high when funding and other opportunities are identified.

- Demands placed on the services including demographic changes and consultation feedback
- Levels of performance compared with priorities:
 - The Council will receive its Comprehensive Area Assessment in October – this will covering its own services and also those of other public sector partners
 - An overall assessment of the Council will be received in October along with a Use of Resources assessment and a managing performance assessment – these are all carried out independently by the Audit commission and incorporate the work of the other inspectorates that assess Council services
- Benchmarking against other local authorities:
 - This work is carried out locally to assess comparative performance. This is being supplemented in the current year by a special base lining exercise to help inform the change programme – a transformation diagnostic
- New legislation and other new requirements placed on services:
 - The recession is placing particular demands on the Council and this has to be taken into account as the Council strives to work with and support local business and communities.

The plan looks at the services listed in the next section over the next 3 years but also takes into account trends, needs and aspirations that will stretch beyond that period.

The financial context for the medium term plan is challenging. Overall the Council has to make service cuts equivalent to at least 5% per annum. This figure assumes a 2.5% increase in Council Tax and nil increase in Government grant from 2011 onwards. The actual Council Tax increase will be recommended by Cabinet and then considered by Council in February. There is a risk of reduced funding for capital in future years, a 50% reduction is likely, and other adverse financial impacts are possible following the next national elections in 2011 and when the next national Comprehensive Spending Review takes place.

The Government expects Council's to achieve 4% annual cashable efficiency savings and takes this target into account in setting its grant support for the Council. The Council's income (excluding DSG) comes from government formula grant (17%) Council Tax (32%) fees, charges and specific service grants (51%)

The Council is working in partnership with public bodies, business and community organisations through the Local Strategic Partnership. The high level strategy for the area and for all the organisations in this partnership is the Sustainable Community Strategy which has just been refreshed.

The Sustainable Community Strategy identifies 6 key issues which we need to address as a community over the next 20 years. They are:

- The causes and effects of **climate change**
- The impacts of **demographic change**
- The need for **growth**
- **Inequalities** in our communities
- A focus on '**thinking local**'
- The impact of recession on our **economy**

Resources and Support services has a key role in each of the issues and these challenges are being addressed through activity under 6 key themes.

The Council's priorities flow from the Sustainable Community Strategy and are set out in its Corporate Plan:

- Improving transport and the public realm
- Building communities where people feel safe and secure
- Addressing the causes and effects of climate change
- Improving the availability of affordable housing
- Promoting the independence of older people
- Improving the life chances of disadvantaged children and young people
- Improving school buildings
- Sustainable growth

The remainder of this report is divided into the following parts:

- Background
- Financial Targets
- Drivers for change
- Options

Background

Staff Resources Finances

The services incorporated in this plan are listed below together with related staff numbers and previous year budgets. This is the starting point for the 3 year plan. Changes start with this as the base:

Service	Staff	Gross Revenue Budget	Net Revenue Budget
	no. fte	£000's	£000's
Development & Regeneration	16	1581	1319
Major Projects	14	1685	648
Total		3266	1967

Note:

- (1) *The revenue and capital budgets stated are for 2009/10, prior to any changes arising from this plan.*

A copy of the draft capital programme is attached as Appendix 1.

Performance Targets

The highlights from the Corporate Plan and the LAA in respect of the above services are set out below together with the service implications (in italics):

- Improving transport & the public realm – *D&MP to sponsor and deliver the Public Realm project. Work with Customer Services to deliver the Bath Package*
- Building communities where people feel safe and secure – *The regeneration and development plans to support the aim of delivering communities where people feel safe and secure*
- Addressing the causes and affects of climate change – *Work with service area to identify sustainability measure for new capital projects*
- Improving school buildings – *Work with Children Services to deliver the schools capital programme*
- Sustainable growth – *Work through the Sustainable Growth Alliance to refresh the Economic Strategy for B&NES and coordinate partnership action.*

Drivers for change

The main drivers for change for Development & Major Projects are:

Sustainable Community Strategy

As lead role in the Economic Development & Enterprise theme of the Strategy, the Development & Major Projects role is primarily to:

- Grow the number and quality of jobs
- Mitigate the effects of unemployment

- Grow the Gross Domestic Product (GDA) and Gross Value Added (GVA) of B&NES
- Bring forward integrated regeneration schemes which address the need to mitigate social and economic pressures.
- Ensure we maximise the advantages of having 2 local Universities, encouraging innovation and the establishment of local enterprises transferring into economic activity.
- Providing good quality business space
- Providing appropriate mix and level of housing to support the workforce
- Building the right cultural, business, research and economic conditions for all the above to happen.

In addition, the strategy includes the following priorities which affect Development & Major Project:

- Facilitating the development of low-carbon modern business space appropriate for business needs across the District, particularly in Bath City Centre, Midsomer Norton and Radstock and Keynsham, to deliver local jobs as well as local housing
- Bringing forward the development of Bath Western Riverside to deliver more / affordable housing in the centre of Bath
- Facilitating the growth and development of key sector businesses in the District (including creative, ICT and low-carbon technology firms and the independent retail sector), building on the work of the Universities and Innovation Centre, and by supporting the development of key sector networks locally
- Developing a plan in partnership with learning and training providers locally to ensure the District's workforce is equipped with skills for the future

Change Programme

The reasons for the change programme have already been referred to:

- Joining up public services
- Designing services around the needs of individual customers
- Meeting the stringent financial challenges that are facing local government

The main elements of the programme are:

- Developing a Strategic Commissioning Function - as a means of integrating the strategic planning, intelligence, commissioning and community engagement activities. The idea is also to free up service delivery so that the most effective pattern of delivery can be arranged for each service whether that be provided in house or externally or in partnership or in a new way such as through a social enterprise model
- redesigning services to reflect the Strategic Commissioning Function concept and to help focus on priorities so that scarce resources are used effectively – leads in each Directorate
- remodelling customer services – developing the role of council connect further, designing services around the needs of customers and life events, using automated 24/7 services wherever possible, improving the one stop shops and involving other partners, providing choice and reducing any waste in the system by getting it right first time

- securing the most cost effective pattern of support service delivery – looking at the procurement activity, transaction processing and advice services within the Council and seeking to achieve 10% to 15% savings whilst maintaining service quality but also ensuring services are tailored to the needs of the Council as well as the PCT as we work increasingly in partnership
- redesigning the Council’s workplaces – improving office accommodation to modern standards, introducing flexible working for all staff and reducing the office footprint by 40% over the next 3 years

To support these activities D&MP will:

- Take an active part in the transformation diagnostic exercise which is being run for all council activity – this will help base line the existing levels of service and develop a blue print for change to support the principles of the change programme and based on business cases – phase 1 of this work is due to be complete by January 2010 but the business cases will need to be implemented beginning in 2010/11
- Support other service areas with Project Management resources where required to deliver the agreed change programme
- Contribute to developing the concept of Intelligent Client
- Strengthen supply chains by more use of private sector capacity
- Develop a Procurement Strategy to support the above
- To provide enabling leadership to the overall agenda
- Enabling a standardised information platform

Workforce Planning & Development

An assessment of the Directorate workload and priorities has been undertaken to understand the likely emerging changes of demand for employee skills. This indicates a shifting emphasis in demand for skills is emerging, broadly as outlined below.

Estimated projections for Directorate core employed staff numbers over next 5 years:

	<i>Current base 09/10</i>	<i>10/11</i>	<i>11/12</i>	<i>Up to 5 years time</i>
<i>Core staff:</i>	32	32	Circa 28	Circa 25-28

Changing demands - Potential skills gaps

Growth in demand for the following skills is anticipated. We will need to develop and train existing staff or recruit new.

- Economy, Enterprise & Business Development, e.g.
 - Economic assessment
 - Skills agenda & jobs
 - Inward investment & promotion
 - Business networks
 - Business Improvement District
 - Data analysis
- Commercial /contract knowledge and management (over short/medium term or adhoc) particularly in non-construction projects
- Procurement
- Local Education Partnership (LEP) Administration
- HR Change Management
- Performance Management

- Carbon reduction in the built environment
- Equalities
- Brokering, e.g. WEP, HCA
- Project management in non-capital / cross council projects
- Leadership (create time/capacity for senior staff to lead)
- Management (develop existing staff)

Changing demands - potential skill surpluses

We can foresee potential for reduction in demand for the following skills:

- Project & Programme Management – changing demands. There is potentially a declining capital construction programme but the same types of core skills are likely to be required to support Public Realm, Regeneration, and cross council projects.
- Commercial Management – declining capital construction programme
- Recession Support for Businesses (upon recover from recession)

Impacts of technology

- Flexible working solutions lead to less reliance on fixed office/desk numbers. Directorate could relocate to smaller/shared premises, leading to reduced requirement for building/office/H&S management & administration (also 2013 Keynsham move)
- Web based consultation – develop staff skills to utilise
- Possible data warehouse system – develop all staff to utilise

Anticipated demographic changes

- Assume approx. x1 retirement per year, based on current staff profile (issues for succession planning – see below)
- Assume x1 maternity leave per year, based on current staff profile (issues of continuity, short term maternity cover contracts, returnees working part-time hours, potential leavers)

Staff Turnover

- Assume current average x3 to 4 leavers per year ongoing, based on recent statistics (issues of continuity, opportunities for headcount reduction)

Succession Planning

Succession Planning will need to consider development of existing core staff (via the PDR process) to grow into key roles.

Recruitment

Recruitment of new staff will be considered on a case by case basis, e.g. as posts become vacant or depending upon changes in work scope and volume.

Blended Staffing

The Directorate will continue to operate with a core team supplemented by specialist contract, agency or consultancy skills when required, according to varying volumes and scope of work.

Budget Pressures

The situation with Public Finances is anticipated to impact Service budgets further in future years, which may suppress the ability to fund replacement / recruitment of staff.

Finances

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Corporate target (excluding one offs in 2009/10)	1967	1625	1672	1688

The financial targets set corporately are reflected in the first line above.

Financial Risk Analysis

Scope of work of Development & Regeneration

The extent of work to be carried out on Development & Regeneration is difficult to quantify. This work is carried out in partnership with government agencies and departments which can affect timescale and scope of work.

The Multi Area Agreement has now been finalised, and is likely to impact on scope of work, for example, the need to develop a Skills Strategy with West of England partners.

The Sub-national Review of Economic Development & Regeneration proposed significant changes, the implications of which are still being worked through, for example, there is great clarity over the economic assessment duty but less clarity over RDA devolution.

In respect to the work carried out by Development and Regeneration on implementing Council corporate objectives in Bath, Keynsham, Midsomer Norton and Radstock, if the Council objectives alter or intensify, resulting in changes to scope/direction of work, requiring more resource, the costs will change as a result.

The Directorate is often asked to carry out pieces of work on new initiatives that arise within the Council; these are not anticipated at the time of the budget, for example in 2009/10 we compiled the bid for City Region Status. Some of these initiatives may be carried out within current budgets; however significant items may cause additional costs.

Overall Capital position

Cuts in government funding for capital (including revenue support) after 2011 of perhaps 50% (this was the figure implied by the Chancellor's spring budget) will have a significant impact on the capital programme as a whole. This does not impact immediately on the projects currently being delivered by Major Projects.

Performance

The Council's Use of Resources, Managing performance and Organisational Assessments from the Audit Commission are all draft but the indications are that the Council is regarded overall as offering good service. Despite this there is room for improvement:

- the Council was at level 2 in the old equalities but is aiming for 'achieving' against the new standard – this would represent a good level of performance
- more emphasis will be placed on final accounts work so that the accuracy in some technical areas improves esp. treatment of capital assets – albeit that the 'bottom

line' was accurate and financial planning and control are already regarded as good

- the audit committee is reviewing its work programme to improve its impact and to be more closely involved in risk management
- the carbon reduction programme will move from planning phase into delivery and is already starting to do so
- a plan will be developed to bring together and program the various existing ideas and activities designed to rationalise and better use land and assets the office rationalisation plan being an excellent example

These are the main areas for improvement activity for this Directorate.

There are no red flags arising from the CAA process, in other words no notable areas of concern about how we work with partners but we will:

- Implement the Public Realm and Movement Strategy to improve the public realm
- Focus on promoting growth in the knowledge based sectors where area has niche strengths; successful creative industries sector network developed; ICT, Environmental and Bio-medical technologies initiatives are being developed.
- Hold a series of business liaison events have been held across the area and a key company business engagement programme is underway.
- Negotiate with public and private partners to ensure key regeneration schemes in Bath, Keynsham. Midsomer Norton and Radstock can progress. Regeneration Delivery Plans are being developed to provide a framework for bringing forward key sites for the four urban areas across the district.
- Continue negotiations between Council, Homes & Communities Agency and Developer to deliver approx 1,000 houses on Bath Western Riverside by 2019 – 25% of which are to be affordable housing.
- Collate evidence to produce framework policy (Regeneration Delivery Plans) for delivery of development including houses in the four urban centres across the district. These Regeneration Delivery Plans will provide a framework for bringing forward key sites for the four urban areas across the district.
- Review its affordable housing as part of the core strategy following the evidence from the SHMA.

Carbon Reduction

The Council has engaged the Carbon Trust to help it develop and deliver a carbon reduction programme. The Council is aiming for a 30% reduction over 5 years with a minimum acceptable reduction of 2% per annum. A programme is now in place and this consists of a series of invest to save projects that range from driver training and other activities to affect behaviour through to investment in better plant, insulation and ensuring the workplaces project will deliver excellent environmental standards.

D&MP will

- Work with all service areas to ensure all new capital projects meet emissions targets as set out in the draft Core Strategy
- Explore current developments in design and specification that will deliver the greatest carbon reduction for the available capital budget
- Seek to deliver the agreed recommendations arising from the in-depth O&S Review of Sustainability of the Built Environment.

Equalities

The Department has now identified 12 and carried out 5 equalities impact assessments. These include:

- Area based Regeneration Delivery Plans
- Public Realm & Movement Strategy
- Project Management Handbook

The reassessment of the Council to see if it has achieved the 'achieving' level will take place this autumn. An action plan will be developed following that assessment.

Demographic Change

Changes in demographics of the area are creating a challenge, specifically the reducing proportion of economically active working population versus those inactive in education or retirement.

Homes & Communities Agency (HCA)

The HCA is engaging with local authorities to provide support to help deliver housing, regeneration and growth as part of their emerging place making roles.

HCA initiatives that we need to respond to:

- Local Authority New Build funding programme
- Kick Start
- Single Conversation investment strategy.

The Single Conversation is the HCA's approach to place shaping and delivery through partnership working. The Single Conversation process will seek to join up and coordinate investment from all sources. The success of this work will define the level of financial investment made by Central Government into the Sub Region and District. It is considered that Central Government investment is vital to enable current and planned housing, regeneration and infrastructure to allow the District to capitalise on its economic growth potential. The success of these schemes is vital for economic growth in the District, narrowing the gap between the poorest in our communities and will help enhance council asset values and revenue streams.

Discussions have begun in the West of England with the aim of agreeing an HCA investment plan by the end of 2009. This plan will cover the resource requirements and the delivery timescales for the South West within which will be a section on the West of England. Bath and North East Somerset Council must therefore highlight key priorities, identify likely timescales for delivery and the timing of funding for interventions which enable delivery in order to stand any chance of getting Central Government funding. This has highlighted the need for an investment prospectus which will pull together ambitions and evidence from the Council's core documents including the Sustainable Community Strategy; emerging Core Strategy and Regeneration Delivery Plans; Local and Multi Area Agreement; the Housing and Economic Strategies.

West of England Partnership (WEP)

Government and its agencies (e.g. HCA, RDA) are required to work on a sub-regional basis, which highlights the importance of proactive involvement in WEP activities and planning.

The challenges are twofold:

1. Establishing Systems & organisational relationship that work in the interests of the Council
2. WEP initiatives that we need to respond to:
 - LTP3
 - Roger Tym study on all aspects of Regional Infrastructure

New Legislation

- Economic Assessment Duty including Worklessness Assessment

Business as Usual

This plan will not address business as usual issues in any detail. The annual Service Action Plans to be producing in January by each Division will provide more detail. However some points are worth highlighting:

The Development and Regeneration Division is the lead for the Economic Development and Enterprise theme of the LAA. Future performance of the Council and area via Comprehensive Area Assessments (CAA) will depend on performance against targets set out in the LAA. There are three National Indicators in the Economic and Enterprise theme:

- 1) Net additional homes provided. The baseline is 267 representing a three year historic average. By 10/11 the target is 736
- 2) Number of affordable homes delivered (gross). Again, from a baseline of 112 by 10/11 the target is 241
- 3) Supply of ready to develop housing sites. Increasing from 76% to 94% by 10/11

Two existing stretch targets from LAA 1 exist and roll into the MTFs period:

- 1) Number of businesses intensively assisted in Norton Radstock Area
- 2) Number of businesses in the Creative Industries and ICT sectors intensively assisted across Bath and North East Somerset

Meeting of these stretch targets attracts reward grant. In the first year some of these targets have already been met.

Nine Local Indicators have also been chosen to reflect priorities of the Sustainable Growth Alliance (theme partnership body with representation into B&NES LSP) the Overview and Scrutiny Panel (for the Economic Development and Enterprise theme) and in negotiations between LSP Partners and Government. Broadly these are;

- 1) Working age population qualified to Level 3 or higher
- 2) Supply of ready to develop employment sites
- 3) Working age people on out of work benefits in target areas
- 4) Working age population qualified to level 2 or higher in target areas
- 5) Skills gaps in current workforce reported by employers
- 6) VAT registration rates
- 7) VAT registered businesses showing growth
- 8) Proportion of labour locally sourced
- 9) Median earnings of employees in the area

Capital projects within the Council such as Bath Package and Schools Capital programme will continue to be delivered by D&MP.

D&MP will continue to support other service areas with the implementation of the Project Management System to deliver a consistent approach for delivering council projects.

Looking Further Ahead – Drivers for Directorate Evolution & Development

- The role of the local strategic partnership will need to develop into a shared strategic body that commissions public services from the various public sector providers
- Climate change will place increasing demands on us and require investment in flood prevention, more energy efficiency but also no doubt enabling alternative energy supply
- People skills will need to adapt to the increasing level of partnership working and no doubt commissioning of services jointly with partners
- The requirements of 'more for less' will mean that lean reviews will need to be effective as a means of enabling staff to get the job done by working smarter rather than continuously working harder
- Our performance will increasingly be judged by real outcomes in the community and how we collaborate with partners to achieve – this will be part of the Comprehensive Area Assessment being run by the Audit commission starting in 2009-10.
- All staff will be working flexibly
- Greater joint working with the WEP and other public sector partners to deliver service efficiencies
- Documents will need to be electronic
- We will have resolved the tension between:
 - Customer excellence demanding local provision within Bath & North East Somerset, and
 - Economies calling for more joint working across a wider area such as the West of England and possibly to link in with the growing role of city regions

The expectation is that public expenditure will be constrained for the next decade as public finances recover from this recession. This will mean the change programme must deliver substantial efficiency savings otherwise services will have to be cut.

Appendices

- Appendix 1 – D&MP Capital programme
- Appendix 2 – Performance Targets

Appendix 1 D&MP Capital Programme

	2009-10 forecast	2010-11 draft budget	2011-12 draft budget	2012-13 draft budget
	£000	£000	£000	£000
Existing capital schemes				
Combe Down Stone Mines	24,774	5,239	148	
SouthGate	361	445		
Bath Western Riverside	594	460	240	200
D&R projects	262	250	250	250
Public Realm - Wayfinding	758	1488	7	
Public Realm – Westgate Street	60			
<i>Public Realm – Stall Street</i>		900	500	
<i>Public Realm – Cheap Street/ Westgate Street</i>		100	200	900
<i>Public Realm – Street Furniture</i>		1050	200	250
<i>Public Realm – Saw Close/ Kingsmead</i>			550	500
<i>Public Realm – Broad St/ St Michael's Place</i>		100	600	300
<i>Public Realm – Orange Grove</i>		100	600	1000
<i>Public Realm – Pulteney Bridge</i>		700		
<i>Public Realm – potential upgrades to planned maintenance work</i>		100	100	100
Total	26, 809	10,932	3,395	3,500

- The Directorate supports capital projects on behalf of other Directorates; these are not shown here as they are included within the plans of those other Directorates.
- The Public Realm projects are dependent on funding from capital receipts. The projects not yet started are shown in italics and are indicative as they will only go ahead when the capital receipts have been banked.
- The Development & Regeneration capital element is currently funded by borrowing which is unsustainable in the long term.
- Capital requirements of BWR, i.e. £6.9m contribution to affordable housing or other requirements are not currently budgeted for in the capital programme.

**THE SUSTAINABLE COMMUNITY STRATEGY, CORPORATE PLAN
& LOCAL AREA AGREEMENT**

The table on the following page sets out the priority actions that are listed in the Sustainable Community Strategy to be delivered between 2009 -2012. These are set out by theme where there are actions that are directly relevant to Development & Major Projects.

The Local Area Agreement (LAA) is the delivery plan for the Sustainable Community Strategy and the targets being delivered by Development & Major Projects are also set out with the relevant National Indicator (NI) number referenced.

Economic Development & Enterprise: A thriving and resilient economy will play a key role in achieving sustainable growth in B&NES.

Council Corporate Plan Priority (2008 – 2011)	Our Sustainable Community Strategy priority actions between 2009 – 2012 are
Sustainable Growth	<ul style="list-style-type: none"> - Policies and funding plans allow the development of low-carbon modern premises which meet the aspirations of higher-waged knowledge-based businesses (e.g. ICT, the creative industries, professional services, and bioscience / environmental technologies) across B&NES - Business networks to support the identified growth sectors are encouraged and promoted, particularly those which reflect local culture and heritage, such as the Health and Wellbeing sector in Bath - Business support and advice activities are provided to the local business community, and safeguards are in place to protect the independent retail sector - Access to jobs, including higher-wage jobs, is improved for local people, by identifying skills requirements and gaps, and working with providers to offer appropriate support and training -
Affordable Housing	<ul style="list-style-type: none"> - An appropriate level of contemporary affordable housing is planned for, to help attract and retain staff locally - Housing and employment growth is supported by appropriate improvements to transport infrastructure (especially public transport, walking and cycling facilities) and other social infrastructure (e.g. healthcare and community facilities) . This is particularly important within the Bath-Bristol corridor and in relation to any potential urban extensions

The LAA indicators that measure this are:

(Sustainable Growth)
 SO29 Number of businesses intensively assisted in Norton Radstock area
 SO29 Number of businesses intensively assisted Creative / ICT Sectors
 NI 151 Overall employment rate
 NI 152 working age people on out of work benefits
 NI 163 Working age people qualified to level 2
 NI164 Working age people qualified to level 3
 NI 166 Average earnings of employees in the area
 NI 171 Vat registration rate
 154 Homes Provided
 155 Affordable Homes Provided
 159 New Housing deliverable